

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

PA-01 PRS-01 /114 W

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R 231315Z OCT 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6157

INFO AMEMBASSY ABU DHABI

AMEMBASSY BAGHDAD

AMCONSUL DHAHRAN

DOD WASHDC

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY DOHA

AMEMBASSY TEHRAN

C O N F I D E N T I A L JIDDA 6961

E.O. 11652: GDS

TAGS: SA, XF, ENRG, US

SUBJECT: SAUDI ARABIA NEEDS U.S. SUPPORT TO TRY TO KEEP OIL PRICES
DOWN

1. SECOND DEPUTY PRIME MINISTER PRINCE ABDULLAH BIN ABDU AZIZ TOLD
DEP SEDEF CLEMENTS AND ASD/ISA AMBASSADOR MCAULIFFE OCTOBER 21 THAT
SAG DID NOT RECEIVE IN THE UNITED STATES THE
RECOGNITION AND APPRECIATION IT DESERVED FOR SINGLE-HANDLEDLY KEEPING
THE PRICE OF OIL DOWN. THE SAG ACTED AS IT DID OUT OF A FEELING OF
RESPONSIBILITY TO THE FREE WORLD, AND AS A A WAY OF ACKNOWLEDGING THE
IMPORTANCE IT ATTACHED TO CLOSE TIES WITH THE UNITED STATES. AS A
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RESULT, PRINCE ABDALLAH SAID THE KINGDOM WAS OFTEN ATTACKED IN THE

U.S. PRESS, WHILE AT THE SAM TIME IN ARAB MEETINGS, SAUDIS WERE ACCUSED
OF BEING AGENTS FOR THE IMPERIALIST EXPLOITERS.

2. PRINCE ABDALLAH SAID THERE WERE OTHER OIL PRODUCERS WHO--LIKE SAUDI ARABIA--DID NOT WANT THE OIL PRICE TO GO UP, BUT THEY WERE NOT COURAGEOUS ENOUGH TO SAY SO AT OPEC MEETINGS. THE PRINCE WAS NOT SURE IN ANY CASE WHAT THE REAL ATTITUDE OF THESE LUKEWARM "RESPONSIBLE" COUNTRIES WAS. WHAT REALLY MATTERED TO PRINCE ABDULLAH AND THE SAG WAS THAT SAUDI ARABIA ALWAYS FOUND ITSELF ALONE AND ISOLATED DURING PRICE DISCUSSION AMONG OIL EXPORTING COUNTRIES.

3. MR. CLEMENTS REPLIED THAT AN INCREASE IN THE PRICE OF OIL WOULD BE ESPECIALLY HARMFUL TO THE MOSTLY POOR, DEVELOPING COUNTRIES OF THE THIRD WORLD; THE BIG INDUSTRIAL STATES OF WESTERN EUROPE WOULD BE AMONG THE LESS AFFECTED ONES--BUT TO THE EXTENT THAT AN OIL PRICE HIKE IMPINGED ON THEM, IT WOULD HAVE THE EFFECT OF WEAKENING WESTERN ECONOMIES AND STRENGTHENING THE COMMUNIST CHALLENGE TO EUROPEAN GOVERNMENTS. THE UNITED STATES WOULD BE AMONG THE EAST AFFECTED NATIONS OF THE WORLD, BECAUSE OF THE STRENGTH AND MATURITY OF OUR ECONOMY, AND OUR ABILITY TO MEET MORE THAN 50 PERCENT OF OUR ENERGY NEEDS FROM DOMESTIC SUPPLIES.

4. PRINCE ABDULLAH AGREED WITH MR. CLEMENTS. HE ADDED THAT HE WISHED

THE USG COULD MAKE SOME CONVINCING DEMARCHES TO THOSE GOVERNMENTS THAT PUT THE GREATEST PRESSURE UPON SAUDI ARABIA AT OIL PRICING TIME. HE WOULD NOT MENTION ANY SPECIFIC GOVERNMENT TO MR. CLEMENTS, BUT BELIEVED THE VERY FACT THAT MR. CLEMENTS ASKED HIM TO IDENTIFY THEM INDICATED THAT THE USG KNEW VERY WELL WHICH GOVERNMENTS THE SAG HAD IN MIND.

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